

## REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS AUDIT EXAMINATION OF THE HART COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

# EDWARD B. HATCHETT, JR. AUDITOR OF PUBLIC ACCOUNTS WWW.KYAUDITOR.NET

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#### **EXECUTIVE SUMMARY**

### AUDIT EXAMINATION OF THE HART COUNTY FISCAL COURT

#### Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Hart County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Best Practices:**

We commend the County Judge/Executive and the County Treasurer for keeping excellent financial records. We also commend the Occupational Tax Administrator for keeping excellent occupational tax and net profit tax records.

#### **Financial Condition:**

Cash balances decreased by \$547,893 from the prior fiscal year, resulting in a cash balance of \$1,708,091 as of June 30, 2000.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2000, was \$3,740,000. Future collections of \$5,744,894 are needed over the next nineteen years to pay all bonded debt principal and interest.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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### EDWARD B. HATCHETT, JR. AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Terry Shelton, Hart County Judge/Executive
Members of the Hart County Fiscal Court

#### **Independent Auditor's Report**

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Hart County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Hart County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Hart County Ambulance Service Taxing District, the Hart County Solid Waste Management District, and the Hart County Industrial Authority, Inc. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Hart County Ambulance Service Taxing District, the Hart County Solid Waste Management District, and the Hart County Industrial Authority, Inc., is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in <u>Government Auditing Standards</u> issued by the Comptroller General of the United States, and the <u>Audit Guide for Fiscal Court Audits</u> issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Hart County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

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In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2000, of Hart County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

In accordance with <u>Government Auditing Standards</u>, we have also issued our report dated March 20, 2001 on our consideration of Hart County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Hart County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in relation to the financial statements taken as a whole.

Respectfully submitted,

Edward B. Hatchett, Jr. Auditor of Public Accounts

Audit fieldwork completed - March 20, 2001

#### **HART COUNTY OFFICIALS**

#### Fiscal Year Ended June 30, 2000

#### **Fiscal Court Members:**

Terry Shelton County Judge/Executive

Jim Stewart Magistrate
Albert Hoover Magistrate
Ronald Riordan Magistrate
Franklin Turner Magistrate
Don Kessinger Magistrate

#### Other Elected Officials:

J. D. Craddock III County Attorney

Bill Cartmill Jailer

Doris Crain County Clerk

Conroy Harris Circuit Court Clerk

Jeff Staples Sheriff

Mary Beth Bunnell Property Valuation Administrator

Doug Brooks Coroner

#### **Appointed Personnel:**

Sue Gardner County Treasurer

Reitta Osborne Occupational Tax Collector

Kaye Kessinger Finance Officer



### STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

#### HART COUNTY STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources
----------------------------

Assets

General Fund Type

General Fund:

Cash \$ 855,522

Road and Bridge Fund:

Cash 592,011

Jail Fund:

Cash 204,114

Local Government Economic Assistance Fund:

Cash 45,919

Payroll Revolving Account - Cash 2,229 \$ 1,699,795

Capital Projects Fund Type

Hart County Public Properties Corporation Fund:

Cash 5,454

Debt Service Fund Type

Hart County Public Properties Corporation Fund:

Cash 5,071

Other Resources

Debt Service Fund Type

Hart County Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Payments (Note 4) 3,734,929

Total Assets and Other Resources \$ 5,445,249

#### HART COUNTY STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS June 30, 2000 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund Type

Payroll Revolving Account \$ 2,229

Debt Service Fund Types

Hart County Public Properties Corporation Fund:

Bonds Not Matured (Note 4) 3,740,000

**Fund Balances** 

Reserved:

General Fund Type

General Fund (Note 7) 5,440

Capital Projects Fund Type

Hart County Public Properties Corporation Fund 5,454

Unreserved:

General Fund Type

 General Fund
 \$ 850,082

 Road and Bridge Fund
 592,011

 Jail Fund
 204,114

 Local Government Economic Assistance Fund
 45,919
 1,692,126

Total Liabilities and Fund Balances \$ 5,445,249



#### STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

#### HART COUNTY STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

			General Fund Type					
		Totals			I	Road and		
	(M	emorandum	(	General		Bridge		
Cash Receipts		Only)		Fund		Fund	J	Tail Fund
Schedule of Operating Revenue	\$	3,233,032	\$	1,528,201	\$	954,715	\$	674,403
Transfers In	Ψ	707,861	Ψ	66,041	Ψ	2,599	Ψ	293,859
Kentucky Advance Revenue Program		888,525		730,755		157,770		_,,,,,,,
, c								
Total Cash Receipts	\$	4,829,418	\$	2,324,997	\$	1,115,084	\$	968,262
<u>Cash Disbursements</u>								
Comparative Schedule of Final Budget								
and Budgeted Expenditures	\$	3,179,847	\$	1,208,602	\$	786,440	\$	1,073,992
Expenditures for Jail Construction	Ψ	298,360	Ψ	1,200,002	Ψ	700,	Ψ	1,073,772
Transfers Out		707,861		294,029		66,041		345,362
Bonds:		707,001		27 1,027		00,011		310,502
Principal Paid		125,000						
Interest Paid		177,718						
Kentucky Advance Revenue Program		•						
Repaid		888,525		730,755		157,770		
Total Cash Disbursements	_\$_	5,377,311		2,233,386	\$_	1,010,251		1,419,354
Evenes (Deficiency) of Cash Becaints								
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$	(547,893)	\$	91,611	\$	104,833	\$	(451,092)
Cash Balance - July 1, 1999	Ф	2,255,984	Ф	763,911	Ф	487,178	Ф	655,206
Cash Balance - July 1, 1999		4,433,704		703,711		+07,170		055,200

Cash Balance - June 30, 2000

\$ 1,708,091 \$ 855,522 \$ 592,011 \$

204,114

#### HART COUNTY STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES Fiscal Year Ended June 30, 2000 (Continued)

	General F	und [	Гуре	•	ital Projects und Type		bt Service and Type	
 Gov Ec	Local vernment conomic sistance Fund	al ment Solid mic Waste ance Management		Ha P	Hart County Public Properties Corporation Fund		Hart County Public Properties Corporation Fund	
\$	47,759	\$	23,577	\$	4,035 42,644	\$	342 302,718	
 \$	47,759	\$	23,577	\$	46,679	\$	303,060	
 \$	31,604	\$	79,209 2,429	\$	298,360	\$	125,000 177,718	
 \$	31,604	\$	81,638	\$	298,360	\$	302,718	
 \$	16,155 29,764	\$	(58,061) 58,061	\$	(251,681) 257,135	\$	342 4,729	
 \$	45,919	\$	0	\$	5,454	\$	5,071	

The accompanying notes are an integral part of the financial statements.

### HART COUNTY NOTES TO FINANCIAL STATEMENTS

June 30, 2000

#### Note 1. Summary of Significant Accounting Policies

#### A. Reporting Entity

The financial statements of Hart County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the following as part of the reporting entity:

#### Component Units With No Financial Activity

- Hart County Parks, Playgrounds, and Recreation District
- 911 Emergency Telephone Service

#### **Blended Component Units**

• Hart County Public Properties Corporation

#### **Discretely Presented Component Units**

- Hart County Ambulance Service Taxing District (See Appendix B for CPA audit.)
- Hart County Solid Waste Management District (See Appendix C for CPA audit.)
- Hart County Industrial Authority, Inc. (See Appendix D for CPA audit.)

#### Additional - Hart County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Hart County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Hart County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

#### 1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Hart County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and Solid Waste Management Fund. The Hart County Ambulance Service Taxing District is also reported as a General Fund Type.

#### 2) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and include funds for the Hart County Public Properties Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

#### 3) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Hart County Public Properties Corporation Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

#### 4) Enterprise Fund Type

Enterprise Fund Type accounts for operations that provide goods or services to the general public on a continuing basis. The Hart County Solid Waste Management District and Hart County Industrial Authority, Inc. are reported as Enterprise Fund Types.

#### C. Basis of Accounting

For all fund types, except the Enterprise Fund Type, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

#### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Basis of Accounting (Continued)

The Enterprise Fund Type uses an accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and records expenses when incurred.

#### D. <u>Legal Compliance - Budget</u>

The Hart County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Hart County Public Properties Corporation Fund. Debt Service Funds are not required to have formal budgets because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

In addition, formal budgets are not adopted for the Hart County Ambulance Service Taxing District, Hart County Solid Waste Management, and Hart County Industrial Authority, Inc. The Department for Local Government does not require component entities to be budgeted.

#### E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

#### Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

#### Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

#### Note 4. Long-Term Debt

The Hart County Public Properties Corporation, an independent corporate agency and instrumentality of Hart County, issued mortgage revenue bonds, series 1998, dated March 1, 1998, for the purpose of constructing a new detention facility. On March 1, 1998, \$3,865,000 of mortgage revenue bonds were issued at various interest rates. Since these mortgage revenue bonds were issued at a discount of \$76,787, the net bond proceeds were \$3,788,213. As of June 30, 2000, the principal balance outstanding was \$3,740,000. Debt service requirements are:

Note 4. Long-Term Debt (Continued)

Due Date	Interest	Principal		
2001	\$ 172,718	\$	130,000	
2002	167,388		135,000	
2003	161,785		140,000	
2004	155,905		145,000	
2005	155,000		149,743	
Thereafter	1,197,169		3,040,257	
Totals	\$ 2,009,965	\$	3,740,000	

Note 5. Lease-Purchase Agreements

The county has entered into the following lease-purchase agreements:

	Purchase	Maturity	Interest		
Description	Date	Date	Rate	<u>A</u> m	ount
KADD Financing Trust:					
Voting Machines	09/09/1997	06/01/2002	5.83	3 \$	47,800
Upgrade of Tower and					
Dispatch Equipment	08/08/1998	12/01/2003	5.12	2 \$	70,100
Note 6. Federal Emergency	Agency Hazard Mit	igation Grant			

Hart County Fiscal Court received a Federal Emergency Management Agency Hazard Mitigation Grant for the purchase and installation of six outdoor warning sirens. During fiscal year 2000, the Hart County Fiscal Court received grant funds totaling \$81,224 and spent funds totaling \$81,224. The unexpended balance as of June 30, 2000, was \$0.

#### Note 7. General Fund - Reserved Funds

As of June 30, 2000, funds of \$5,440 of the General Fund were reserved as follows:

Hart County Fiscal Court received an Area Development Grant to purchase fire hydrants. During fiscal year 2000, the Hart County Fiscal Court received grant funds totaling \$5,440 and spent funds totaling \$0. The unexpended balance as of June 30, 2000, was \$5,440.

#### Note 8. Commitments and Contingencies

#### A. Hart County Solid Waste Management District Capital Lease

On March 31, 1999, the Hart County Fiscal Court entered into a lease-purchase agreement with Kentucky Area Development Districts (KADD) Financing Trust for the \$350,000 purchase of solid waste equipment. These payments are to be made by the Hart County Solid Waste Management District (See Appendix C). As of June 30, 2000, the principal outstanding was \$299,200. The debt service requirements are:

Fiscal Year	 Interest	Principal	
2001	\$ 13,445	\$	45,700
2002	11,285		47,900
2003	9,022		50,200
2004	6,650		52,600
2005	4,166		55,000
2006	 1,567		47,800
	_		
Totals	\$ 46,135	\$	299,200

#### B. Hart County Industrial Authority, Inc. Loans

- 1. On May 21, 1998, the Hart County Fiscal Court authorized Terry Shelton, County Judge/Executive, to co-sign a note at the bank for the Hart County Industrial Authority, Inc. in the amount of \$480,000. This loan was issued July 1, 1997 at a variable interest rate for a year, but was renewed on July 1, 1998, July 1, 1999 and July 1, 2000. When the loan was renewed on July 1, 2000, the interest rate was variable. The Industrial Authority is to make the loan payments.
- 2. On May 21, 1998, the Hart County Fiscal Court authorized Terry Shelton, County Judge/Executive, to co-sign a note at the bank for the Hart County Industrial Authority, Inc. in the amount of \$246,100 for the spec building. The loan was issued June 1, 1998 at an interest rate of 7.5% for two years, but was renewed on June 5, 2000, the interest rate was variable. The Hart County Industrial Authority, Inc. is to make the loan payments.

#### Note 9. Subsequent Events

- 1. On September 21, 2000, the Hart County Fiscal Court authorized Terry Shelton, County Judge/Executive, to co-sign a note at the bank for the Hart County Industrial Authority, Inc. in the amount of \$275,000. This loan was issued on November 22, 2000 at a variable interest rate for a year. The Hart County Industrial Authority, Inc. is to make the loan payments.
- 2. On December 21, 2000, the Hart County Fiscal Court approved an ordinance for the Sheriff to fee pool starting January 1, 2001.

Note 10. Insurance

#### A. Property and Liability Insurance

For the fiscal year ended June 30, 2000, Hart County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

#### B. Health Insurance

For the fiscal year ended June 30, 2000, Hart County Fiscal Court participated in a self-insurance fund to provide health insurance coverage for its employees. The basic nature of this self-insurance program is that the Hart County Fiscal Court is responsible for paying health insurance claims. During fiscal year 2000, the Hart County Fiscal Court contracted with Benefit Support, Inc. to act as the administrator of their health insurance program. All funds of the General Fund Type of the Hart County Fiscal Court participated in this program and made payments to Benefit Support, Inc. based on actuarial estimates of the amounts needed to pay current-year claims. The Hart County Fiscal Court purchased commercial insurance for claims in excess of \$10,000 per person in order to limit its liability for health insurance claims. As of June 30, 2000, settled claims had not exceeded this commercial coverage.

#### Note 11. Jail Canteen Fund

Jail Canteen operations are authorized under KRS 441.135(1), which allows the Jailer to sell snacks, sodas, cigarettes, etc. to inmates incarcerated in the local jail. The profits generated from the sale of these items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the Jailer to maintain minimum accounting records and report annually to the County Treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletin 93-002 provides further accounting and expenditure guidance for acceptable Jail Canteen operations.

During the Fiscal Year Ending June 30, 2000, the Hart Jail Canteen received \$95,732 and expended \$73,827. The Jail Canteen reported June 30 ending balances of \$0 and of \$21,905 for 1999 and 2000 respectively.

The Hart Jail Canteen operations do not fully comply with KRS 445.135(2). The Jailer did not maintain the following records: Daily Check Out Sheets, Receipts Journal, Disbursements Journal, and Summary and Reconciliation. In addition, Bill Cartmill, Hart County Jailer did not report the canteen account to the county treasurer for fiscal year ending June 30, 2000.

### COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE

# HART COUNTY COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE

#### Fiscal Year Ended June 30, 2000

Budgeted Funds	Budgeted Operating Revenue		Actual Operating Revenue		Over (Under) Budget	
General Fund Type						
General Fund Road and Bridge Fund Jail Fund Local Government Economic Assistance Fund Solid Waste Management Fund	\$	1,954,050 1,076,577 948,514 31,824 71,000	\$	1,528,201 954,715 674,403 47,759 23,577	\$	(425,849) (121,862) (274,111) 15,935 (47,423)
Totals	\$	4,081,965	\$	3,228,655	\$	(853,310)
Reconciliation						
Total Budgeted Operating Revenue Above Add: Budgeted Prior Year Surplus Less: Other Financing Uses					\$	4,081,965 1,356,579 (1,233,887)
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures					\$	4,204,657



#### SCHEDULE OF OPERATING REVENUE

### HART COUNTY SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

#### GOVERNMENTAL FUND TYPES

Revenue Categories	Totals (Memorandum Only)	General Fund Type	Capital Projects Fund Type	Debt Service Fund Type	
Taxes	\$ 1,143,229	\$ 1,143,229	\$	\$	
In Lieu Tax Payments	19,356	19,356			
Excess Fees	74,496	74,496			
License and Permits	23,022	23,022			
Intergovernmental Revenues	1,768,564	1,768,564			
Charges for Services	34,411	34,411			
Miscellaneous Revenues	79,121	74,744	4,035	342	
Interest Earned	90,833	90,833			
Total Operating Revenue	\$ 3,233,032	\$ 3,228,655	\$ 4,035	\$ 342	

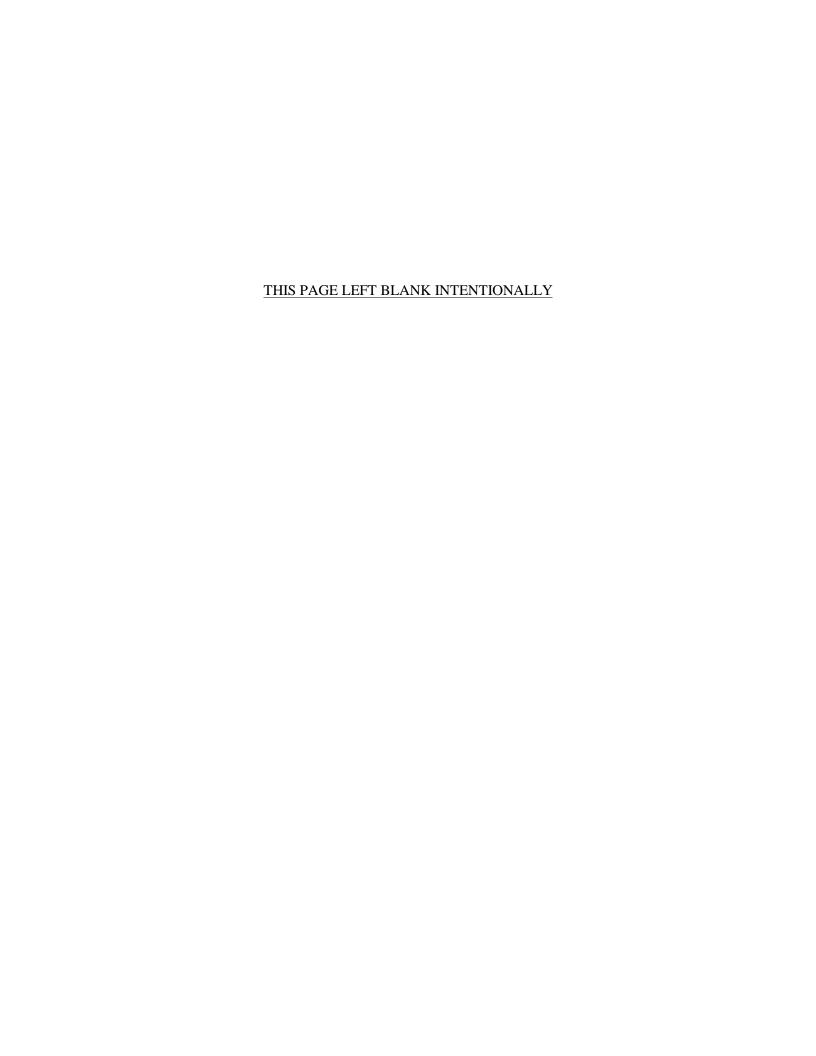


### COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES

#### HART COUNTY COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

	GENERAL FUND TYPE					
Expenditure Categories	Final Budget		Budgeted Expenditures			Under (Over) Budget
General Government	\$	597,914	\$	559,234	\$	38,680
Protection to Persons and Property		1,298,217		1,198,584		99,633
General Health and Sanitation		226,158		190,443		35,715
Social Services		2,200		2,100		100
Recreation and Culture		73,300		73,252		48
Roads		869,099		658,886		210,213
Debt Service		16,079		16,079		
Administration		1,121,690		481,269		640,421
Total Operating Budget - All General Fund Types	\$	4,204,657	\$	3,179,847	\$	1,024,810
Other Financing Uses:						
Transfers to Hart County Public						
Properties Corporation Fund-						
Principal		125,000		125,000		
Interest		177,718		177,718		
Miscellaneous		42,644		42,644		
Borrowed Money-						
Kentucky Advanced Revenue						
Program - Principal		888,525		888,525		
TOTAL BUDGET - ALL GENERAL	4	- 100 - · ·			4	1.001.01.0
FUND TYPES	\$	5,438,544	\$	4,413,734	\$	1,024,810



# REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



# EDWARD B. HATCHETT, JR. AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Terry Shelton, Hart County Judge/Executive
Members of the Hart County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Hart County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated March 20, 2001. We did not audit the financial statements of the Hart County Ambulance Service Taxing District, the Hart County Solid Waste Management District, and the Hart County Industrial Authority, Inc. Other auditors whose reports have been furnished to us audited those financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether Hart County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under <u>Government Auditing Standards</u>.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hart County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards (Continued)

### Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed - March 20, 2001

# CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

# HART COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

# CERTIFICATION OF COMPLIANCE

# LOCAL GOVERNMENT ECONOMIC ASSISSTANCE PROGRAM

### HART COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Hart County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

Name

County Judge/Executive

Name

County Treasurer

### HART COUNTY AMBULANCE SERVICE TAXING DISTRICT

Fiscal Year Ended June 30, 2000

Due to file size limitations, please request this Appendix by contacting Mona Logsdon, Open Records Administrator at Mlogsdon@kyauditor.net

### HART COUNTY SOLID WASTE MANAGEMENT DISTRICT

Fiscal Year Ended June 30, 2000

Due to file size limitations, please request this Appendix by contacting  $\square$  Mona Logsdon, Open Records Administrator at Mlogsdon@kyauditor.net

# HART COUNTY INDUSTRIAL AUTHORITY, INC

Fiscal Year Ended June 30, 2000

Due to file size limitations, please request this Appendix by contacting Mona Logsdon, Open Records Administrator at Mlogsdon@kyauditor.net